



Department of Justice

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**FORMER PACIFIC CONSOLIDATED INDUSTRIES LP EXECUTIVE PLEADS
GUILTY IN CONNECTION WITH BRIBES PAID TO
U.K. MINISTRY OF DEFENCE OFFICIAL**

WASHINGTON – A former Pacific Consolidated Industries LP (PCI) executive pleaded guilty today to charges related to the bribery of a U.K. Ministry of Defence (UK-MOD) official in order to obtain lucrative equipment contracts with the U.K. Royal Air Force, in violation of the Foreign Corrupt Practices Act (FCPA), Assistant Attorney General Alice S. Fisher of the Criminal Division and U.S. Attorney for the Central District of California Thomas P. O'Brien, announced today.

Martin Eric Self, 51, of Orange, Calif., pleaded guilty today before Judge Andrew J. Guilford in U.S. District Court in Santa Ana, Calif. Self pleaded guilty to a two-count information charging him with violating the FCPA in connection with the illicit payment of more than \$70,000 in bribes for the benefit of a UK-MOD official in exchange for obtaining and retaining lucrative contracts for PCI.

PCI was a private company headquartered in Santa Ana that manufactured Air Separation Units (ASUs) and other equipment for defense departments throughout the world. ASUs generate oxygen in remote, extreme and confined locations for aircraft support and military hospitals. Self, a U.S. citizen, was a partial owner and the president of PCI at the time the crimes were committed. As president, Self was a signatory on PCI marketing agreements and bank accounts.

According to the plea agreement, in or about October 1999, Self and Leo Winston Smith, PCI's then-executive vice president and director of sales and marketing, caused PCI to enter into a marketing agreement with a person Self understood to be a relative of the UK-MOD official. The official, as a result of his position within the UK-MOD, was able to influence the awarding of UK-MOD contracts for services and equipment.

As part of the plea agreement, Self admitted that he was not aware of any genuine services provided by the official's relative, and believed there was a high probability that the payments were being made to the official's relative in order to benefit the official in exchange for obtaining and retaining the ASU contracts. Despite these beliefs, Self initiated several of the improper wire transfers to the relative and deliberately avoided learning the true facts relating to the nature and purpose of the payments.

“Individuals who resort to bribery and other fraudulent means to secure contracts with foreign governments not only corrupt legitimate bidding processes, but they also damage the integrity of the global marketplace. Furthermore, using an intermediary to make bribe payments will not insulate individuals from prosecution,” said Assistant Attorney General for the Criminal Division Alice S. Fisher. “The coordinated international law enforcement efforts of this case exemplify the type of cooperation needed to fight crime in the 21st century, where physical borders are not boundaries for criminal activity. I would like to thank our colleagues in the United Kingdom for their efforts and assistance in prosecuting this case as well as the FBI and IRS for their investigatory assistance.”

“Bribing government officials to obtain a contract is a serious crime, whether it occurs in California or the United Kingdom. Wherever this form of public corruption occurs, it will be investigated, it will be prosecuted and it will be punished,” said U.S. Attorney for the Central District of California Thomas P. O'Brien.

Self is scheduled to be sentenced before Judge Guilford on September 29, 2008. At sentencing, Self faces a statutory maximum sentence of five years in prison per count; however, the plea agreement contemplates a prison term of eight months. Final determination will be made by the court at sentencing.

In late 2003, after the conduct alleged in the information, PCI was acquired by a group of investors and re-named Pacific Consolidated Industries, LLC (PCI, LLC). PCI, LLC referred this matter to the Department of Justice and fully cooperated in the government's investigation.

Leo Winston Smith was indicted in April 2007 for his role in the scheme and is scheduled to stand trial in July 2008. The UK-MOD official was investigated by U.K. authorities and has pleaded guilty in the United Kingdom to accepting bribes from PCI and was sentenced to two years in prison.

The criminal case is being prosecuted by Senior Trial Attorney Jonathan E. Lopez of the Criminal Division's Fraud Section and Assistant U.S. Attorney Jennifer Waier from the U.S. Attorney's Office for the Central District of California. The criminal case was investigated by agents of the FBI's Los Angeles Field Office at the Santa Ana Resident Agency and the Internal Revenue Service, Criminal Investigation Division, Los Angeles Field Office.

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